



House of Representatives

General Assembly

File No. 83

January Session, 2023

House Bill No. 5233

House of Representatives, March 16, 2023

The Committee on Higher Education and Employment Advancement reported through REP. HADDAD of the 54th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

**AN ACT REQUIRING THE CONNECTICUT HIGHER EDUCATION
SUPPLEMENTAL LOAN AUTHORITY TO ESTABLISH AN INCOME-
DRIVEN LOAN REPAYMENT OPTION.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1 Section 1. (NEW) (*Effective July 1, 2023*) (a) As used in this section:
- 2 (1) "Authority loans" has the same meaning as provided in section
- 3 10a-223 of the general statutes; and
- 4 (2) "Borrower" has the same meaning as provided in subparagraphs
- 5 (A) and (B) of subdivision (7) of section 10a-223 of the general statutes.
- 6 (b) The Connecticut Higher Education Supplemental Loan Authority
- 7 shall establish an income-driven repayment option for an authority loan
- 8 made to a borrower on and after January 1, 2024. An income-driven
- 9 repayment option shall include, but need not be limited to, a (1)
- 10 requirement for a borrower to certify with the authority, not less than
- 11 annually, income amounts and family size for the purpose of calculating

12 a monthly payment amount as a percentage of disposable income, and
13 (2) maximum monthly payment amount as a percentage of total income,
14 which amount shall not exceed ten per cent. The authority shall qualify
15 borrowers for an income-driven repayment option (A) based on criteria
16 that assures the marketability of and the adequacy of the security for the
17 bonds of the authority issued pursuant to the provisions of chapter 187b
18 of the general statutes, and (B) in a manner and form prescribed by the
19 authority.

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| This act shall take effect as follows and shall amend the following sections: | | |
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|-----------|---------------------|-------------|
| Section 1 | <i>July 1, 2023</i> | New section |
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HED *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

| Agency Affected | Fund-Effect | FY 24 \$ | FY 25 \$ |
|-----------------|-------------------------|-----------|-----------|
| CHESLA | CHESLA - Potential Cost | See Below | See Below |

Municipal Impact: None

Explanation

This bill, which requires the quasi-public Connecticut Higher Education Supplemental Loan Authority (CHESLA) to establish an income-driven repayment (IDR) option for loans it makes to certain borrowers on or after January 1, 2024, could result in an annual cost and an annual revenue loss to the resources of CHESLA, beginning in FY 24. There may be an annual cost for administration of the IDR option, dependent on the number of participants. CHESLA relies on student loan repayment to pay for debt service on bonds they issue to fund student loans. To the extent that the IDR option results in lower loan repayment levels, CHESLA would incur a revenue loss.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to student loan repayments.

OLR Bill Analysis**HB 5233*****AN ACT REQUIRING THE CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY TO ESTABLISH AN INCOME-DRIVEN LOAN REPAYMENT OPTION.*****SUMMARY**

This bill requires the Connecticut Higher Education Supplemental Loan Authority (CHESLA) to establish an income-driven repayment option for loans it makes to certain borrowers on or after January 1, 2024. The income-driven repayment option must at least include the following terms:

1. a requirement that borrowers certify with CHESLA their income and family size, at least annually, in order to calculate a monthly payment as a percent of disposable income; and
2. the maximum monthly payment amount as a percent of a borrower's total income, up to 10%.

CHESLA must qualify borrowers for income-driven repayments in a manner and form it prescribes and based on criteria that assures the marketability and security its bonds.

Under the bill, the income-driven repayment option is available on CHESLA education loans (i.e., a loan to attend an institution of higher education or certain certificate programs) and education refinance loans made to individuals, but not cosigning parents.

EFFECTIVE DATE: July 1, 2023

COMMITTEE ACTION

Higher Education and Employment Advancement Committee

Joint Favorable

Yea 19 Nay 3 (02/28/2023)